

The relationship between employee's propensity to innovate and their decision to create a company

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ABSTRACT

The main objective of this paper is to analyze the relationship between employees' propensity to innovative and their entrepreneurial intentions whilst working within an organization. Based on survey data collected from employees working for a public organization, we provide evidence that a consideration of innovative propensity offers an added tier of information and affords meaningful results. Our findings suggest that the positive impact of innovative propensity on entrepreneurial intention is stronger with a lower opportunity cost. This study contributes to the growing empirical literature on entrepreneurial intentions from an understudied perspective, the perspective of a current employee, and demonstrates how the propensity that an individual has to innovate is related to their desire to become an entrepreneur.

Keywords: Innovative propensity, entrepreneurial intention, employee, public organization, cost of opportunity

1. Introduction

Organizations, public and private, face turbulent and uncertain environments. Human capital is the key factor that permits an organization to support any type of innovation and thereby allow change to emerge from the natural disposition of the employees bringing about organizational effectiveness (Bobic et al., 1999). This conviction has meant that innovative employees have been seen as the panacea for many organizations. Employees that add new ideas, propose new ways forward for an organization, different processes or proposing new services or products (King & Anderson, 1995; West & Farr, 1990).

However, not all organizations have the necessary internal processes to absorb this potential talent (Van de Ven, 1986). At this point the development of one's own project can be seen as a way for the more creative employees to implement their talents and demonstrate potential. Many studies in the field have focused on analysing the optimum conditions for supporting those employees who display more innovative tendencies and the ways in which organizations implement these new ideas (Van Praag and Cramer, 2001; Cramer et al., 2002; Caliendo et al., 2009; Masclet et al. 2009; Ahn, 2010). However all of these studies focus on the company perspective and the impact that this contingent of innovative employees have on the company performance and competitiveness. Our study however, attempts to focus on the individual impact that this capacity to innovate can have on a professional career journey, more specifically on the individual decision to be self-employed. Hitherto no empirical study has reflected upon the relationship between innovative propensity of employees and their entrepreneurial intention whilst they remain employed within an organization.

This paper aims to contribute to a better understanding of this interrelation, reflecting from a theoretical point of view on the factors that influence innovative propensity and entrepreneurial intention of the paid-employee, specifically in a public organization. Furthermore, the potential impact and implications of these interrelations will be analyzed and discussed.

Thus, the main objective of this paper is to analyze the relationship between innovative propensity of employees and entrepreneurial intentions and to better understand how the cost of opportunity can influence this relationship. Data for the study is obtained from 149 employees within the Administrative and Service Department of an educational public organization: a university. This data is analysed to examine the relationships between a variety of relevant variables, with a

particular focus on the 'innovative propensity' and the entrepreneurial intention. Following this introduction, the next section presents the theoretical framework and hypotheses established. The methodology of the empirical study is then described. The results obtained from the *linear* regression models are then presented. The study concludes with a summary of the main findings and implications.

2. Employees propensity to innovate and entrepreneurial intention

Innovation may be defined as a process that involves the generation, adoption, implementation and incorporation of new ideas, practices or artefacts within an organization (Van de Ven, Angle, & Poole, 1989). Employee innovation can be defined as engagement in innovative behaviours, which includes behaviours related to the innovation process, i.e. ideas generation, ideas promotion and ideas realization, with the aim of producing innovations (Scott & Bruce 1994, Ramamoorthy et al, 2005). Thus individual innovation implies the degree to which an individual is relatively early in adopting new ideas (Rogers, 1995). Previously, innovative behaviour was considered to be an "extra-role", or behaviour beyond the job description of many organizational members (Katz, 1964). However, nowadays organizations, regardless of whether they are public or private, service or manufacturing, small or large, face a turbulent, challenging environment that facilitates a dramatic u-turn in regard to previously held ideas. In recent decades, modern organizations have sought to promote innovative behaviour among employees as they attempted to deal with increasingly complex environments (Scott et al., 1994).

Down the decades, research has been conducted in an attempt to offer a depth of understanding in relation to individual innovativeness (Kirton, 1976; Hurt, Joseph and Cook, 1977). In this sense it is important to look into the studies that have revealed the different modes of problem solving strategies adopted by individuals. In connection with this, Jabri (1991) proposed the existence of two independent modes: associative and bisociative thinking. Associative thinking is based on habit or the following of set routines, and this mode represents a conforming or *conventional* problem-solving style. Bisociative thinking, in contrast, is characterized by the overlapping of separate domains of thought simultaneously, and this mode represents a non-conventional or *creative* problem-solving. Thus the creative problem solver has a propensity to process information from different paradigms simultaneously so it is more likely to generate novel problem solutions (Isaksen, 1990). Thus, it was hypothesized that creative problem-solving style would be positively and directly related to individual innovative behaviour, and conventional problem-solving style would be negatively and directly related to innovative behaviour (Bobic et al., 1999).

Kirton (1989) proposed that individuals characteristically produce qualitatively different solutions to similar problems. Thus individuals can be located on a continuum ranging from an ability to do things "better" –*adaptive*– to an ability to do things "differently" –*innovative*. According to Kirton, the ideal organization includes both employees desiring substantial change (innovators) and employees preferring minimal change (adaptors). Following the idea of the continuum ranging proposed by Kirton, we can assume that the scope of individual innovation within an organization ranges from the development of radical new ideas that revolutionize practices or services across the whole organization, to much smaller-scale innovations, like the improvements in the work process (Axtell, 2000).

The variety of literature looked at for this study has attempted to analyse the optimal conditions for fostering individual innovative behaviour and the extent to which this behaviour positively influences an organization. To this end, we found four main groups of factors attributed to influencing innovativeness (West & Farr, 1989): individual factors (e.g. relevant task knowledge or intrinsic motivation) (Woodman et al. 1993, Weisburg 1999, Ford 2000); job-related factors, by this we mean contextual characteristics of everyday work (e.g. autonomy or lack of routines) (Shalley,

Gilson & Blum 2000, Shalley & Gilson 2004; Van der Vegt & Janssen 2003); team level factors (e.g. team composition or process) (Paulus 2000, Keller 2001, West and Hirst 2003, Van der Vegt & Janssen 2003) and organizational level factors (e.g. organizational culture, strategy or structure) (Van der Panne et al. 2003, Miron et al. 2004). All these studies endeavoured to reveal those conditions that best foster, at different levels, employees innovativeness in order to improve organization competitiveness.

Axtell (2000) emphasized the importance of distinguishing between employee suggestion of ideas and the implementation of these ideas. Thus, while the suggestion of employees' ideas was related to individual factors (domain of the job or proactivity), the implementation of these ideas was directly attributable to group and organizational factors (e.g. group support). Regarding the *suggestion of ideas* Van de Ven (1986) noted that one of the main challenges for managers regarding innovation is getting people to pay attention to the creation of new ideas instead of to the protection of existing practices. However another important challenge for managers is to ensure that the appropriate channels within the organization support the implementation of such ideas in order that they are realised and become a profitable innovation supporting business development. In order to get ideas implemented there needs to be a supportive group and organizational environment (Axtel et al., 2000). In this respect, a number of theorists have suggested that *climate* may act as a pressure for channelling and directing both attention and activities toward innovation (e.g., Amabile, 1988; Isaksen, 1987; Kanter, 1988). At the individual level, climate represents a cognitive interpretation of the organizational situation and represents signals individuals receive relative to organizational expectations of behaviour and potential outcomes of behaviour.

The employees can be in the line of perceiving that the organization prefers that they make the things *better* compared with doing the things *different*. Despite of the climate perception and their capacity to adapt to organization demand it is possible that propensity to innovate of certain employees make them think about their other ways of exploiting this creativity or innovativeness. Some previous research suggests that this situation can lead to de-motivation and/or employee exit of the company (Zhou, 2000). In this article we reflect on the possibility that this innovative propensity is an engine for entrepreneurship.

Innovation has traditionally been connected with entrepreneurship. In 1934, Schumpeter referred to entrepreneurs as being the engine of innovation in the regions. Others have emphasized the relevance of innovation for new and small firms (e.g., Hsueh and Tu, 2004; Freel and Robson, 2004). In fact, new firms are not constrained by tradition and they can adopt innovative new models to organize and manage their activities right from the start (Hsueh and Tu, 2004). Though small size can hamper innovative activities, newly born firms are typically innovative (Huergo and Jaumandreu, 2004). The empirical research (e.g., Thornhill, 2006) has found that new to market ventures are more likely to innovate and that a company's age negatively correlates to innovation.

However the fact that an individual has a propensity to innovate does not necessarily imply that this propensity was directed towards new venture formation. In fact, many entrepreneurs start ventures whose routines and competencies vary only minimally from those of existing organizations (Aldrich and Ruef, 2001). In this sense, if the psychological climate in the organization is highly involved with innovation, employees can feel that its potential of innovativeness is being captured by their organization. At this point it is as well to remember that the difference between creativity and innovation is that innovation implies that the ideas are implemented in the organization. If employee innovations are not adopted by the organisation then this may become a push factor towards new venture set-up. As has been outlined in the previous literature, many different factors influence the creation of a positive environment towards the application of new ideas. In the case of public administration there are some aspects that can negatively influence the freedom to apply a higher amount of process to capture employees' innovation. Thus the tendency towards establishing a certain level of bureaucracy, specifically in public organizations, is a barrier that managers have to

face. In these cases, the necessity of developing innovativeness can be a motivation towards fostering the development of new projects.

Based on this assumption the first hypothesis is proposed:

H1. The higher propensity of employees to innovate the higher the entrepreneurial intentions

In the light of the literature on entrepreneurship, there are reasons to assume that this positive impact of propensity to innovate on entrepreneurial intention has not the same intensity for all the individual contexts. Thus numerous earlier studies compare earnings between self-employed and paid workers (e.g., Borjas and Bronars 1989; Evans and Leighton 1989; Hamilton 1992; Rees and Shah 1986), yet most of these have not focused on the performance of the would-be self-employed, before his/her decision to start a new business (Amit et al, 1995). Within the employee's decision making process towards self-employment, cost plays a key role. In the case of a nascent entrepreneur, opportunity costs represent the income that can be earned from paid employment rather than through venturing activity (Cassar, 2006). To estimate the opportunity costs of an individual who remains a paid employee throughout her/his career, one should measure the discounted present value of future earnings in the individual's most desirable career path (Amit et al., 1995).

In this respect, research demonstrates that the lower the opportunity costs the greater the likelihood to undertake entrepreneurial activity (Amit et al., 1995) or even with the scale of venturing activity (Cassar, 2006). In connection with this, Cassar (2000) focused on individuals' human capital assuming that individuals with relative high levels of human capital have better alternatives available to them, and therefore are subject to higher opportunity costs.

Related to the entrepreneurial activity the paid-employees are divided into two main groups, some of whom have the opportunity to secure a sabbatical and some who do not. This factor immediately lowers the risk for those employees leaving employment potentially only temporarily, as opposed to those ending their employment and effectively cutting off an income stream. The security of having a fall-back position i.e. short term uncertainty versus long term uncertainty can positively influence the innovation propensity.

H2. The positive relationship between an individual's innovation propensity and entrepreneurial intention will be stronger for individuals with a lower opportunity cost (fixed position) than for individuals with a higher opportunity cost (non-fixed position) within the organization.

3 Methods

3.1. The context of the research and data

This research is developed in a public education organization: the University of Barcelona. The year that the study has developed the university had 87.486 students and 5.247 researchers and teachers. The organization is divided into 24 Faculties and University Schools and 106 departments. These data represents that University of Barcelona is the university in Spain with a higher number of students (excluding distance universities).

This study is primarily based on a sample of employees that work in the administration and service departments at three different levels: Central Administration, Faculty Administration or Department Administration. The total number of employees are 2.448. As a result of mailing, a yield of 219 employee responses were received. Of these responses only 149 were included in the study, the other 70 responses were excluded because areas of the survey were left incomplete. This represents 6.9% of valid responses, 7.8% of sample error with a confidence level of 95%.

3.2. Measures

The survey utilised statements to which respondents were asked to measure traits such as innovativeness, proactivity, propensity to take risk, personal attitudes towards entrepreneurial activities and entrepreneurial intentions. Moreover a number of demographic and control variables, such as age, whether the respondents' parents are or have ever been self-employed, and the specific position occupied in the organization and whether they are in a permanent position.

Dependent Variable

Entrepreneurial intention. The dependent variable was based on the entrepreneurial intention scale, which was primarily measured by subjective self-report of intention by employees. Such measures are based on the scale of Liñán and Chen (2009). It was proxied by six points on a Likert-type scale ranging from 1 ('totally disagree') to 7 ('totally agree').

Independent Variable

Propensity to innovate. The scale for individual innovation propensity dimensions was developed based on the concepts derived from the literature. In this case, we used a scale of individual entrepreneurial orientation (IEO), so selected in that individual innovation propensity could be measured in addition to two other dimensions relevant for the potential entrepreneur and relevant for this study: *proactively* and *risk taking*. In the measurement of levels of innovation and proactivity, we utilised the research of Stull and Singh (2005). Degree of risk undertaken was measured in accordance with the work of Stull and Singh (2005) and Wakkee et al. (2010). IEO was proxied by thirteen items on a Likert-type scale ranging from 1 ('totally disagree') to 7 ('totally agree').

Attitude towards self-employment is featured prominently in the entrepreneurship literature as a determinant for entrepreneurial activity of individuals (e.g., Hisrich et al., 2007). We therefore include 5 items to measure this construct by means of a 7-point scale ranging from 1 ('totally disagree') to 7 ('totally agree') (Liñán y Chen, 2009). An example of the statements used to operationalize this attitude are "Being an entrepreneur implies more advantages than disadvantages to me", "Being an entrepreneur would entail great satisfactions for me".

Control variables

Finally, we analysed a series of control variables that could impact on the dependent variable, entrepreneurial intention, and have an overall effect on the final results. The first two variables was based in previous literature on entrepreneurial intention: (i) age of employee and (ii) parents as entrepreneurs, which have been shown in the previous literature that can influence on the intention

to create a company (Cooper y Dunkleberg, 1987; Matthews y Moser, 1996). Parents in self-employment was measured as a dummy variable coded '0' if the response was 'no' and '1' if it was 'yes'. The other two variables are specific from the characteristics of the sample under studied, paid-employeeed. Thus we measured (iii) management position of individual, coded '0' if the response was 'no' and '1' if it was 'yes' and (iv) the stability of the position in the organization, fixed or not fixed, coded '0'. If the response was 'not fixed' and '1' if it was 'fixed'.

3.3 Reliability and validity of the scales

In evaluating each item's factor "loading," we applied a relatively stringent rule of thumb, accepting an item only if it had a .60 or greater loading on a factor that was also at least .20 greater than its loading on any other factor. The analysis of the scales used for measuring entrepreneurial intention and attitude toward entrepreneurship extracted from Liñan and Chen (2009) reveal the consistency of the scales. Following the application of a factor analysis to the scale of entrepreneurial intention and to the attitude toward entrepreneurship, there was no need to exclude any optional response areas due to that all the factor loading were superior to 0.7. The Cronbach's values for these two dimension are .95 and .90.

Regarding the scale used for measuring innovativeness propensity, whilst a unidimensional version of the individual entrepreneurial orientation has been proposed, it is now generally accepted that its items load on three factors: innovativeness, proactivity and risk taking (Stull and Singh, 2005; Wakkee et al., 2010). In this case, we obtained a two factor solution. Seven items loaded on factor 1. These items addressed to the innovativeness and proactivity. Thus, we interpreted this factor as a *propensity to innovate* factor. Four items loaded on a *risk taking* factor, as the items concerned the individual propensity to be involved in activities with a high uncertainty in the results. Thus, the factor analysis did not result in a separate factor for proactiveness. This results are consistent with previous studies where only these two factors resulted: risk-taking and innovativeness (Richard et al., 2004). The Cronbach's values for these two indices constructed on the basis of the IEO items are .94 and .84 respectively, which indicates sufficiently good reliability – see table 1- .

Table 1. Analysis of the reliability of the scales

Dimensions	Reliability (Cronbach's alfa)
Entrepreneurial intention	0.95
Propensity to innovate	0.94
Risk Taking	0.84
Attitude toward entrepreneurship	0.90

4 Results

Table 2 provides the means, standard deviations, and correlations for the study variables. We observe that are significant and positive relationship between entrepreneurial intention and propensity to innovate, risk taking, attitudes toward entrepreneurship and having parents entrepreneurs.

A series of tests revealed the non-presence of multicollinearity and in table 2 we can see that none of the correlations are superior to 0.7. We checked the VIFs for evidence of multicollinearity; yet

their numerical values were all below the cut-off value of 10 suggested by Neter et al. (1996). This assures us that multicollinearity is not a problem with the data at hand.

Table 2. Correlation matrix

		Mean	S.D.	1	2	3	4	5	6	7
1	ENTREPRENEURIAL INTENTION	2.93	1.65	1.000						
2	PROPENSITY TO INNOVATE	4.78	.95	.333**	1.000					
3	RISK TAKING	4.34	1.30	.194*	.375**	1.000				
4	MANAGEMENT POSITION (Yes=1)	0.24	.42	-.039	-.055	.046	1.000			
5	FIXED POSITION (Yes=1)	0.31	.46	-.013	-.010	.103	-.437**	1.000		
6	ATTITUDES TOWARDS ENTREP.	4.73	1.39	.668**	.343**	.362**	.019	-.124	1.000	
7	AGE	44.70	7.77	-.096	-.058	.002	.430**	.539**	.055	1.000
8	PARENTS SELF-EMPLOYMENT (Yes=1)	0.18	.38	.175*	.044	.121	.135	-.093	.110	.138

Notes: Spearman rank correlation (1-tailed significance); ** Correlation is significant at the 0.01 level (1-tailed), * significant at the 0.05 level (1-tailed). Sample observations are not weighted.

Below, and in order to verify the hypotheses forwarded, we undertook two multiple regression analysis, one with all the independent and control variables and the other including a variable that capture the interaction effect between the innovation propensity and the permanent or not position within the organization, called *Propensity to innovate*Fixed position* (see Table 3).

Hypothesis 1 states that the higher employees propensity to innovate the higher entrepreneurial intention. In model 1, only propensity to innovate ($\beta=.26$; $p=.002$) and the attitude toward entrepreneurship ($\beta=.45$; $p=.000$) were significant related to entrepreneurial intention. The results in table 3 shows support for hypothesis 1. The data of model 1 shows that there is a direct positive and significant relationship between a higher propensity to take risk and entrepreneurial intention for the sample of this study.

In order to demonstrate the support for hypothesis 2, model 2 was proposed. In this case the variable of the interaction effect between the position (fixed or not) and innovation propensity was presented as an independent variable. In this case, we also find support for hypothesis 2. The results shows that the relationship between the innovation propensity and entrepreneurial intention is stronger when the employee has a permanent position ($\beta=.24$; $p=.001$).

With respect to the control variables, it can be seen in Table 3 that there are no significant differences in the entrepreneurial intentions of the employees in relation to management role or fixed position they have. This non-significant result provided us with interesting information regarding the intention to create a company by employees. Hierarchical position and role stability within the organization did not impact on the decision taken to create a new venture. The relationship between parents self-employment and age is similarly of no significance.

Table 3

Coefficient estimated for regression model

Variables	Model 1	Model 2
Propensity to innovate	.26 (3.11)***	.22(2.47)**
Risk taking	.03 (.36)	-.04(-.47)
Management position (yes=1/no=0)	-.04 (-.49)	-.03(-.34)
Fixed position (yes=1/no=0)	.06 (.58)	.03(.37)

Attitudes towards entrepreneurship	.45 (4.81)***	.39(4.12)***
Age	-.02 (-.23)	.00 (.04)
Parents self-employment	.08 (1.00)	.10 (1.2)
Propensity to innovate*Fixed position	_____	.24(2.65)***
F	7.61***	7.864***
R ²	35.5	40.6
Total adjusted R ²	30.8	35.4
Δ R ²	_____	4.6%

*** p<0.01 ** p<0.05

+ Standardised coefficients, (t-students in brackets)

Discussion of the results

The aim of this paper was to link the literature on individual innovative propensity to the literature determining the factors affecting entrepreneurial behaviour and intention. We sought to apply this theoretical reasoning to a sample study in the literature of entrepreneurial intention: the paid-employees. Most of the studies in this topic have been applied to samples of students (Liñan and Chen, 2009; Guerrero et al., 2008; Gupta et al., 2009; Duckertz and Wagner, 2010). Although the experience as employee have been a topic broadly highlighted in entrepreneurship (Peña, 2002; Bosma *et al.*, 2004), this studies have usually analyzed this previous experience when the entrepreneur have already taken the decision to become an entrepreneur. Thus this research have approach to a sample of current employees, adding knowledge about the individual entrepreneurial intention from a paid-employee perspective, taking into account the cost opportunity framework. Our theoretical reasoning and our empirical results indicate that employee's propensity to innovate can indeed explain entrepreneurial intention to some degree. The results are thus informative for researchers interested in the antecedents of entrepreneurial intention and can also be utilized to further research in the field of human resource management and retention practices within organizations.

Our results throw light on both the significant and non-significant connections we observed. Whilst we find innovative propensity of employees have a positive relationship with their entrepreneurial intention. Previous research applied in student samples showed results of a similar nature. For example Crant (1996) found that proactive personality accounts for significant incremental variance in entrepreneurial intentions and Hmieleski and Corbett (2006) show the strong relationship between entrepreneurial intentions and a tendency to improvisation. Likewise, Zampetakis and Moustakis (2007) find that a student's self-perception of creativity and a family environment that promotes creative thinking can predict increased levels of entrepreneurial intentions. This research have shown that this relationship correlates to those employees that are already working within an organization, and in a public organization. Thus employees that decide to work in a public organization that demonstrate these characteristics is not primarily looking for an innovative organization per se. However, their innovative propensity can motivate them to seriously think about creating their own company. We have argued in the theoretical section of this paper that the reason for this relationship between employees propensity to innovate and entrepreneurial intention is based on their innovation climate perception, we mean the necessity to implement new ideas. In this work innovation clime perception is not analysed so this argument can be also support as one possible reason of this relationship. The results show the significance that cost plays on the decision to pursue an opportunity. Employees with the opportunity of taking a sabbatical are able to avail themselves of the opportunity of self-employment with lessened risk and minimum cost.

These results indicate the weak relationship found between risk propensity and entrepreneurial intention for our sample. Contrary to expectation, propensity towards risk has no impact in the

decision making process. Although previous studies have found that risk propensity is positively related to entrepreneurial intention in university students (Frank et al. 2007) in our sample we found no such significant relationship. Research in this area has contended that entrepreneurs do not think about risks in the statistical terms implied by many of the previous studies presented (Shaver and Scott, 1991); indeed, it has been suggested that they do not actually perceive themselves to be undertaking activities that have an element of high risk connected to them. (Corman et al. 1988; Palich and Bagby 1995; Simon et al. 2000). In this regard, Janney and Dess (2006) conceptualised entrepreneurial risk in three categories: (i) *risk as variance* (a measure of financial leverage in terms of the perceived probability of obtaining potential outcomes); (ii) *risk as downside loss* (the likelihood of loss as a consequence of erroneous decisions, such as bankruptcy or loss of employment); and (iii) *risk as opportunity* (the likelihood of potential benefits in terms of opportunity costs; that is, what entrepreneurs must give up to receive potential gains). They perceive that entrepreneurs concern themselves in the main with the risk of downside loss, as opposed to risk as variance. These arguments can help us to understand the importance role that plays the opportunity cost play in this type of employees. For employees, particularly those working in the public sector with a good salary and conditions, the opportunity cost can play a key role. The study shows that the opportunity to return to the same position, following a sabbatical, determines the influence that innovation has on their intention to create a company. The key impacting factor in coming to such a decision is that employees in a secure position have the possibility to leave the organization for a certain period of time and return. In the case of the public sector, this situation is even more pronounced than in a private organisation. Employees do not have the fear of being fired or that the company had revenge against them. This fact made that their opportunity cost has lower than for the case of the employees that lose the position. If they failure they have the possibility to return with the same outcomes than before. In the case that they were not able to recuperate their position we assume that the results will be exactly contrary, basing on the opportunity cost assumption. These results shown that contrary to extended expectation public organization can be a place for future entrepreneurs.

The results show that although the entrepreneurial intention is not excessively high, there is a significant group of employees that are able to initiate an entrepreneurial project. Twenty percent of the sample will have serious entrepreneurial intentions to create his/her own company. The analysis of the control variables reveal that this intention is not directly related with the hierarchical position within the organization or with their stability.

Conclusions

With this study we aimed to contribute to the growing empirical literature on entrepreneurial intentions from an understudied perspective, current employees, and to the study of employees propensity to innovate. In this respect we were able to provide evidence that employees' propensity to innovate can indeed add to our understanding of entrepreneurial intentions; moreover, we were able to highlight an important aspect of this relationship, namely the impact of cost on opportunity.

Our results should be interpreted in light of some limitations that naturally emerge from the design of the study. First, the lack of analysis with regard to the working environment of employees can impact on this relationship. In general, the perception climate of employees would permit the investigation of potentially moderating effects on the relationship in question. We mean for example the style of leadership exhibited by their line manager, the group structure, process and culture within the group. All these objective factors and mainly the perception of these factors by employees can lead to future lines of research.

A further aspect that potentially could confound the analysis is the nature of the reported about employees innovative propensity. Thus depending of the organization where the study is applied different scales can be applied. In this case, we tried to use a broad definition of innovative propensity where the generation of new process, products or services are included. However, the specification of type of innovation propensity can generate new results in this respect and give interesting differences depending on the type of innovation under studied.

Another aspect to be considered here is whether the public or private nature of the organization can influence the propensity to innovate of employees and their propensity to create a company. Due to the characteristics of the public system those employees that decide to enter to work in this organization should have per se a wish of stability in their professional careers. This tendency can be conditioning the characteristics of the sample and their tendency to innovate. Thus futures lines of research can be applied looking for the differences both on entrepreneurial intention and propensity to innovate differentiation between the private or public nature of the organization. Another organization aspect that can influence on the differences between employees can be the industry where the company operates and the size of the organization.

Appendix I

Innovation	I generate useful new ideas
	I develop new processes, services or products
	I approach business tasks in innovative ways
	I find new ways to do things
Proactivity	I keep ahead of changes instead of responding to them
	I actively fix or improve things I don't like
	I act in anticipation of future problems, needs, or changes
	I take the initiative to start projects
Risk	If I believe in a project, I tried to run with it although there is the possibility of failure
	I do not mind to work under uncertainty conditions if there is a rational probability to obtain a
	I engage in activities that have a chance of not working out
	I will take calculated risk despite the possibility of failure
Ent. Intention	I am ready to do anything to be an entrepreneur
	My professional goal is to become an entrepreneur
	I will make every effort to start and run my own firm
	I am determined to create a firm in the future
	I have very seriously thought of starting a firm
	I have the firm intention to start a firm some day

Appendix I. Scales